

Message Text

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41

ACTION NEA-09

INFO OCT-01 AF-06 ARA-10 EUR-12 EA-10 ISO-00 PM-03 NSC-05

SP-02 SS-15 RSC-01 L-02 CIAE-00 DODE-00 INR-07

NSAE-00 PA-02 USIA-15 PRS-01 EB-07 SAM-01 IO-10

AEC-07 AID-05 CEA-01 CIEP-02 COME-00 FEAE-00 FPC-01

H-02 INT-05 OMB-01 OES-05 STR-04 TRSE-00 FRB-01

OPIC-06 /159 W

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R 271300Z JAN 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2070

INFO AMEMBASSY ABD DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY QUITO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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BEIRUT PASS BAGHDAD

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E.O. 11652: N/A

TAGS: ENRG, KU

SUBJECT: GOK POSITION ON KOC NATIONALIZATION AND PRODUCTION

REF: (A) KUWAIT 368 (NOTAL) (B) KUWAIT 0320 (NOTAL)
(C) KUWAIT 210 (NOTAL)

1. REFTELS AND OTHER RECENT REPORTING FROM KUWAIT INCLUDING STORIES IN WESTERN PRESS HAVE INDICATED A DEGREE OF CONFUSION REGARDING CURRENT GOK ATTITUDES OVER QUESTION OF NATIONALIZATION OF KOC AND LEVEL CRUDE PRODUCTION DURING 1975. TWO RECENT AUTHORITATIVE STATEMENTS SHED LIGHT ON ACTUAL PRESENT GOK POLICIES.

2. RE STATUS KOC, FOLLOWING IS ENGLISH TRANSLATION OF OFFICIAL GOK PRESS HANDOUT ISSUED FEW DAYS AGO. BEGIN TEXT....QUESTIONS HAVE INCREASED LATELY AS TO WHAT THE GOVERNMENT INTENDS TO DO IN RELATION TO THE COMPLETE CONTROL OF ITS OIL RESOURCES. THE WORD CONTROL IS OF VERY WIDE CONNOTATION. IT MEANS: (1) CONTROL OF LEVEL OF PRODUCTION. (2) EFFECTIVE SUPERVISION OF THE METHOD OF PRODUCTION AND THE CONSERVATION OF FIELDS. (3) THE FIXING OF CRUDE PRICES. (4) DIRECT CONTACT WITH THE CONSUMERS. ALL THIS HAS ACTUALLY BEEN ACCOMPLISHED. HOWEVER, IF THE SO-CALLED CONTROL MEANS THE LIQUIDATION OF THE CONCESSIONAIRE COMPANIES' PARTICIPATION SHARE, IT SHOULD BE NOTED THAT THE PARTICIPATION AGREEMENT ITSELF HAS SPECIFIC PROVISIONS GIVING THE GOVERNMENT THE RIGHT TO REVIEW SUCH AGREEMENT AT ANY TIME. THE GOVERNMENT IS CERTAINLY INTERESTED IN THIS ASPECT AND IS CURRENTLY STUDYING THE BEST AND MOST SUITABLE SOLUTIONS IN THE LIGHT OF WHAT IS IN THE COUNTRY'S INTEREST BEFORE TAKING THE NECESSARY

STEPS WITH THE COMPANIES. IT IS HOPED THAT THEY WILL BE COMPLETED BEFORE THE MIDDLE OF THIS YEAR. IT SHOULD BE NOTED IN THIS RESPECT THAT THE COMPANIES HAVE BEEN NOTIFIED OF THE GOVERNMENT'S WISH BEFORE TWO MONTHS AGO....END TEXT. ADDRESSEES WILL NOTE THIS ESSENTIALLY WHAT DAILY NEWS REPORTED (REF A) EARLIER THIS WEEK.

3. ON LOCAL PRODUCTION LEVELS LOCAL PRESS JANUARY 27 REPORTED REMARKS MADE IN ALGIERS BY MINISTER FINANCE AND OIL ATEEQI. HE WAS REPORTED TO HAVE SAID GOK INTENDS LIMIT PRODUCTION IN 1975 TO LEVEL THAT CAN BE MARKETING. ACCORDING TO REPORT MINISTER ADDED THAT IF DEMAND FOR KUWAITI CRUDE REMAINS BELOW PRODUCTION LEVEL, GOK WILL CURTAIL PRODUCTION RATHER THAN REDUCE PRICE. ATEEQI NOTED THAT SO UNCLASSIFIED

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FAR GOK HAS BEEN ABLE TO MARKET ABOUT 2.25 MILLION BPD WHICH IS ABOUT 10 PERCENT BELOW 1974 AVERAGE DAILY PRODUCTION.
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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
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